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November 15, 2016

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO SOLE SOURCE AGREEMENT WITH  
CATALYST SYSTEMS, LLC TO SUPPORT THE EVALISYS PATIENT  
CLASSIFICATION SYSTEM  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Approval of Amendment No. 4 to an existing Sole Source Agreement with Catalyst Systems, LLC to support the Evalisys Patient Classification System tool.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Director of Health Services, or his designee (Director), to execute Amendment No. 4 to Sole Source Agreement H-702077 (Agreement) with Catalyst Systems, LLC (Catalyst) effective upon its execution, to extend the term of the Agreement for five years from December 13, 2016 to December 12, 2021, at an annual amount of \$167,200 for the continued provision of consultative services and use of the Evalisys Patient Classification System (PCS) tool at the Department of Health Services (DHS) facilities.
2. Delegate authority to the Director to amend the Agreement to: (i) add, delete, and/or change certain terms and conditions as required under Federal or State law or regulation, County policy, the County Board of Supervisors (Board) and/or the Chief Executive Office (CEO); (ii) approve at the Director's discretion, an annual Cost of Living Adjustment (COLA), consistent with the Board's COLA policy; and (iii) align the Agreement, with County standards and

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

28 November 15, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

needs, including but not limited to business and administrative workflows, protocols and policies. Additionally, issue and effect written notices of full or partial termination of the Agreement for convenience without further action by the Board, with all actions subject to the review and approval of County Counsel.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

### **Background:**

The Evalisys PCS tool is a method for establishing staffing requirements by unit, patient, and shift in accordance with the California Code of Regulations (CCR) Title 22, as well as, requirements of Assembly Bill 394 (AB 394), and certifying agencies, such as The Joint Commission (TJC). Under CCR Title 22, hospitals are required to use a PCS for determining the staffing needs of individual units. Specifically, a PCS predicts nursing care requirements of individual patients, determines staff resource allocations based on nursing care requirements for each shift and each unit, discerns trends and patterns of nursing care delivery, and validates the reliability of the PCS for each unit and each shift.

Different Evalisys PCS tool versions are required for different patient populations and nurse-to-patient ratios varies in each unit. Nurses currently complete a patient assessment form using the Evalisys PCS tool in DHS' Online Realtime Centralized Health Information Database (ORCHID). Nurses rate each patient on individual patient care indicators such as hygiene, mobility, care management, and diet on a scale of 1 to 4, with 1 indicating a low acuity, requiring the lowest level of nursing care and 4 indicating a high acuity, requiring the highest level of nursing care. Based on the assessment, the Evalisys PCS tool will calculate the predicted care level for each patient.

In addition to use of the licensed Evalisys PCS tools, Catalyst also provides a support program and consultation in: (1) assessing modification to unit specific self-learning modules; (2) providing updates due to changes in legislation which affect acuity-based staffing requirements; (3) training new and existing PCS coordinators on updates to the Evalisys PCS tool; (4) training new staff on the proper use of the PCS within each unit; (5) evaluating staff competency validation and individual performance; and (6) implementing newly defined units or adjusting existing units where changes in the patient acuity frequency distribution require additional analysis. Catalyst also provides an independent annual report attesting to the validity and reliability of the use of the Evalisys PCS tool to determine that DHS is accurately using the Evalisys PCS tools and that the system accurately measures patient care needs in compliance with CCR Title 22, AB 394 and TJC staffing requirements.

### **Recommendations:**

Approval of the first recommendation with allow the Director to execute an Amendment, substantially similar to Exhibit I, to extend the existing Agreement with Catalyst for uninterrupted support and services of the Evalisys PCS tools for five years, through December 12, 2021. The current Agreement expires on December 12, 2016. The continued use and support of the Evalisys PCS tool is necessary for DHS to provide high-quality care, improve patient safety, and maintain compliance with all regulatory requirements and certifying agencies.

Approval of the second recommendation will allow the Director to add, delete, and/or change certain terms and conditions, as required under Federal or State law or regulation, County policy, Board and/or CEO, and authorize an annual COLA at the Director's discretion, in accordance with the Board's COLA Policy 5.070. The second recommendation will also allow the Director to modify the

Agreement to align with County standards and business needs, and terminate the Agreement in full or in part for convenience with all actions for the second recommendation subject to review and approval by County Counsel.

### **Implementation of Strategic Plan Goals**

The recommended action(s) support(s) Goal 1, Operational Effectiveness/Fiscal Sustainability; and Goal 3, Integrated Services Delivery of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The Contract Sum under the Agreement will be \$167,200 annually, for a total of \$836,000 for five years, for the Agreement period of December 13, 2016 to December 12, 2021.

Funding is included in the DHS Fiscal Year 2016-17 Final Budget and will be requested in future fiscal years as necessary.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Board approved the Agreement on June 13, 2006 for a term of five years with an optional six-month extension. The Agreement was amended on several occasions to, among others, incorporate Board required provisions and extend the Agreement term through December 12, 2016. During the recommended extension period, DHS intends to explore alternatives that can be integrated with ORCHID, which is the Department's Electronic Health Record system. The Agreement may be terminated for convenience by the County upon sixty (60) days prior written notice.

The Agreement includes the Board of Supervisors' required provisions, including the most recent provision, Time Off for Voting. In addition, any fee increases approved by County under the Agreement are subject to the County's standard COLA provision, which has been added to the Agreement.

For over a decade, Catalyst has maintained static pricing for DHS at a substantial discount extended to the County due to its standing as a long-term government client. During contract extension negotiations, Catalyst requested a significant increase in the annual consulting and support fees. The existing Agreement with Catalyst does not include the County's standard COLA provision, as is typical in multi-year agreements. Although there was no COLA in the Agreement, DHS proposed a modest cost increase of \$25,018 to the annual consulting and support fees, based on the maximum annual COLAs issued by the CEO (from 2006 to date) to eligible County contractors. Ultimately, given the critical need to maintain a PCS, both parties reached a compromise to increase the annual consulting and support fees by \$31,910, whereby Catalyst would increase DHS' registration allotment at the Catalyst Academy from 11 to 33 registrations (worth an additional \$695 per registration). At this annual conference, DHS attendees acquire knowledge from distinguished experts on the latest best practices, relevant research, and current trends in health care delivery, and earn continuing education units. Additionally, the County, upon a future request from Catalyst, would have the discretion to grant a COLA increase to Catalyst for consulting and support services under this Agreement, in accordance with Board Policy No. 5.070, Multi-Year Services Contract Cost of Living Adjustments for future years. The COLA will not be automatic and is further limited to the lesser of movement in County salaries or any increase in the Department of Labor Bureau of Labor Statistics' Consumer Price Index. Furthermore, should fiscal circumstances ultimately prevent the

Board from approving any increase in County employee salaries, no COLA will be granted.

County Counsel has approved Exhibit I as to form.

The Evalisys PCS tool and support program are proprietary to Catalyst and can only be provided by Catalyst. Therefore, the Agreement is not subject to the Living Wage Program (Los Angeles County Code Chapter 2.201) and is exempt from Proposition A (Los Angeles County Code Chapter 2.121).

### **CONTRACTING PROCESS**

In accordance with Board Policy No. 5.100, on May 9, 2016, DHS notified your Board of its intent to enter into sole source Amendment negotiations for the extension of the Agreement (Attachment A).

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommendation is necessary for uninterrupted services of the Evalisys PCS tool at DHS facilities to ensure staffing requirements are met in accordance with mandated staffing requirements by acuity as well as mandated ratios.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz".

Mitchell H. Katz, M.D.

Director

MHK:sa

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

SOLE SOURCE CONSULTANT SERVICES AGREEMENT BY AND BETWEEN  
COUNTY OF LOS ANGELES AND CATALYST SYSTEMS, LLC FOR  
EVALISYS® PATIENT CLASSIFICATION SYSTEM SUPPORT PROGRAM

Amendment No. 4

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_,  
2016,

By and between

COUNTY OF LOS ANGELES  
(hereafter "County"),

And

CATALYST SYSTEMS, LLC  
(hereafter "Contractor")

Business Address:  
1701 Novato Blvd. Suite 205  
Novato, CA 94947

WHEREAS, reference is made to that certain document entitled "Sole Source Consultant Services Agreement (Evalisys® Patient Classification System Support Program)", dated June 13, 2006, and further identified as Agreement No. H-702077 and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, Agreement is slated to expire on December 12, 2016; and

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term for an additional five (5) years, and increase the maximum obligation; and

WHEREAS, it is the intent of the parties hereto to amend Agreement to update certain terms and conditions to the Agreement, and to provide for the other changes set forth herein; and

WHEREAS, Agreement provides that changes in accordance to Paragraph 15, Alteration of Terms, may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Agreement is hereby incorporated by reference, and all of its terms and conditions, including capitalized terms defined therein, shall be given full force and effect as if fully set forth herein.
2. This Amendment shall commence and be effective upon the date entered above.
3. Agreement, Paragraph 1, TERM, is deleted in its entirety and replaced as follows:

"1.0 TERM:

- 1.1 The term of this Agreement shall be effective on June 13, 2006 and shall expire on December 12, 2021, unless sooner extended or terminated, in whole or in part, as provided herein.
- 1.2 The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.
- 1.3 The Contractor shall notify DHS when this Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to DHS at the address herein provided in Paragraph 17, Notices."
4. Agreement, Paragraph 2, ADMINISTRATION OF AGREEMENT – COUNTY, is deleted in its entirety and replaced as follows:

"2 ADMINISTRATION OF AGREEMENT – COUNTY:

- 2.1 Director shall have the authority to administer this Agreement on behalf of County. Director retains professional and administrative responsibility for the services rendered under this Agreement. Contractor shall designate in writing a person who shall have the authority to administer this Agreement on behalf of Contractor.

2.2 County's Project Director:

County's Project Director for this Agreement shall be the following person or her designee:

Kathy McAdam, Nursing Director  
Department of Health Services  
Rancho Los Amigos National Rehabilitation Center  
7601 E. Imperial Highway  
Downey, CA 90242

County shall notify Contractor in writing of any change in the name or address of County's Project Director. Except as otherwise expressly stated in this Agreement, County's Project Director, or her designee, is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate County in any respect whatsoever. County's Project Director, or her designee, shall provide direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements.

2.3 County's Project Coordinators:

County's Project Coordinators for this Agreement shall be the following persons or their designee (hereafter collectively referred to as "Project Coordinator"):

Vivian Branchick, Director of Nursing Affairs  
Department of Health Services  
313 N. Figueroa Street, Suite 904  
Los Angeles, CA 90012

Grace Ibanez, Nursing Director  
Department of Health Services  
313 N. Figueroa Street, Suite 904  
Los Angeles, CA 90012

County shall notify Contractor in writing of any change in the name or address of Project Coordinators. Project Coordinators shall be responsible for ensuring that the objectives of this Agreement are met. Project Coordinators are not authorized to make any changes in any of the terms and conditions of this Agreement and are not authorized to further obligate County in any respect whatsoever. Project Coordinator shall have the right at all times to inspect any and

all tasks, deliverables, goods, services or other work provided by or on behalf of Contractor.

2.4 County Personnel:

All County personnel assigned to this Agreement shall be under the exclusive supervision of County. Contractor understands and agrees that all such County personnel are assigned only for the convenience of County. Contractor hereby represents that its price, implementation schedules, and performance hereunder are based solely on the work of Contractor's personnel, except as otherwise expressly provided by this Agreement.

2.5 Approval of Work:

All tasks, deliverables, goods, services and other work provided by Contractor must have the written approval of County's Project Director, which approval should not be unreasonably withheld. In no event shall County be liable or responsible for any payment prior to such written approval.

2.6 Approval of Invoices:

All invoices submitted by Contractor for payment must have the written approval of County's Project Director, which approval should not be unreasonably withheld. In no event shall County be liable or responsible for any payment prior to such written approval.

5. Agreement, Paragraph 8, MAXIMUM OBLIGATION OF COUNTY, is deleted in its entirety and replaced as follows:

"8 MAXIMUM OBLIGATION OF COUNTY:

8.1 During the period from the Effective Date through the term of this Agreement, the maximum obligation of the County for all Work provided under this Agreement shall not exceed: (1) each period identified on Schedule 1 (Consulting Fees) attached hereto, the amount set forth on Schedule 1 for such period (with respect to each such period, "Annual Consulting Fee") and (2) subject to sub-paragraph 8.2 below, Contractor's reasonable and necessary expenditures for Contractor's staff transportation, meals, lodging, and other out-of-pocket expenses, in each case, in order to perform Contractor's Work hereunder not to exceed the amounts set forth on Schedule 1.



County in no event shall be required to pay Contractor more than the maximum obligation of County as set forth in this subparagraph 8.1.

8.2 With respect to Contractor's reasonable and necessary expenditures for Contractor's staff transportation, meals, lodging, and other out-of-pocket expenses, shall be subject to approval, in advance, in writing, by County's Project Director, which approval may be granted or withheld in such person's sole discretion. Additionally, reimbursable expenditures shall be limited to the following: airfare, hotel/lodging, automobile rental, other transportation or reimbursable mileage, and meals required to perform the Work under this Agreement. Further, reimbursable expenditures shall not exceed, the expenditure limits set forth for County personnel in the then current Chapter 5.40 (Travel and Other Expenses) of the Los Angeles County Code, and as updated from time to time by the Los Angeles County Auditor-Controller. Contractor will provide all invoices, receipts, and other documentation reasonably needed to support the request for reimbursement."

6. Agreement, Paragraph 15, ALTERATION OF TERMS, is deleted in its entirety and replaced as follows:

The body of this Agreement and all Exhibit(s), Schedule(s) and/or Attachment(s) attached hereto together fully express all understandings of the parties concerning all matters covered and shall constitute the total Agreement. No addition to, or alteration of, the terms of this Agreement, whether by written or verbal understanding of the parties, their officers, employees or agents, shall be valid and effective unless made in accordance with this Paragraph. For any change which does not affect the Scope of Work under this Agreement, term, schedule or payments, or does not materially modify any other term or provision of this Agreement, a change notice shall be prepared and executed by County's Project Director and Contractor. Any other change to this Agreement shall require an amendment prepared and executed by County's Board of Supervisors and Contractor.

Notwithstanding the foregoing, the Director is specifically authorized (i) to execute any amendment to this Agreement on behalf of County to effect a COLA pursuant to Paragraph 41 and (ii) to effect suspension or termination for convenience of this Agreement by County.

7. Agreement, Paragraph 17, NOTICES, is deleted in its entirety and replaced as follows:

“17 NOTICES:

17.1 All notices or demands required or permitted to be given or made under this Agreement shall be in writing and may either be delivered personally, sent by registered or certified mail (return receipt requested and postage prepaid), or sent by facsimile or electronic mail transmission followed within twenty-four (24) hours by a confirmation copy mailed by registered or certified mail (return receipt requested and postage prepaid) to the parties at the addresses listed below. Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party.

17.2 Notices to County shall be addressed as follows:

County of Los Angeles  
Department of Health Services  
Contracts and Grants Division  
313 N. Figueroa Street, 6<sup>th</sup> Floor East  
Los Angeles, CA 90012  
Attn: Kathy K. Hanks, C.P.M.

17.3 Notices to Contractor shall be addressed as follows:

Catalyst Systems, LLC  
1701 Novato Boulevard, Suite 205  
Novato, CA 94947  
Attn: Holly A. De Groot, PhD, RN, FAAN

8. Agreement Exhibit A, ADDITIONAL PROVISIONS, is modified to add Paragraph 40, TIME OFF FOR VOTING, as follows:

“40 TIME OFF FOR VOTING:

The Contractor shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than 10 days before every statewide election, every Contractor and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000.”

9. Agreement Exhibit A, ADDITIONAL PROVISIONS, is modified to add Paragraph 41, COST OF LIVING ADJUSTMENTS.

“41 COST OF LIVING ADJUSTMENTS (COLA):

If requested by the Contractor, the Agreement’s annual Consulting Fee set forth in Schedule 1 (Consulting Fees) may, at the sole discretion of the County, be increased annually based on the most recently published percentage change in the U.S. Department of Labor, Bureau of Labor Statistics’ Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most current 12-month period preceding the Agreement anniversary date, which shall be the effective date for any Cost of Living Adjustment (COLA). However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Officer as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries, no COLA will be granted. Further, before any COLA increase shall take effect and become part of this Agreement, it shall require a written amendment to this Agreement first, that has been formally approved and executed by the parties, in accordance with Paragraph 15, Alteration of Terms.

10. Agreement, Exhibit B, Statement of Work, Paragraph 3, Scope and Requirements, Section B, is deleted in its entirety and replaced as follows:

“B. Registration fees for thirty-three (33) attendees at Contractor’s Catalyst Academy; and”

11. Agreement, Schedule 1, Consulting Fees, is deleted in its entirety and replaced by revised Schedule 1, Consulting Fees, attached hereto and incorporated herein by reference.

12. All references to “High Desert Health System” in Agreement shall be deleted in their entirety and replaced by “High Desert Regional Health Center.”

13. All references to “King/Drew Medical Center” in Agreement shall be deleted in their entirety and replaced by “Martin Luther King Jr. Outpatient Center.”

14. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_ for  
Mitchell H. Katz, M.D.  
Director of Health Services

CONTRACTOR

CATALYST SYSTEMS, LLC

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

APPROVED AS TO FORM:  
MARY C. WICKHAM  
County Counsel

By \_\_\_\_\_  
Victoria Mansourian  
Principal Deputy County Counsel

**CONSULTING FEES  
CATALYST SYSTEMS, LLC**

	Period	Consulting Fee	Travel Expenses (not to exceed)
Year 1	6/13/06 - 6/12/07	\$125,290	
Year 2	6/13/07 - 6/12/08	\$125,290	
Year 3	6/13/08 - 6/12/09	\$125,290	
Year 4	6/13/09 - 6/12/10	\$125,290	
Year 5	6/13/10 - 6/12/11	\$125,290	
6 Month Extension	6/13/11 - 12/12/11	\$67,645	
Year 6	12/13/11 - 12/12/12	\$125,290	\$10,000
Year 7	12/13/12 - 12/12/13	\$125,290	\$10,000
Year 8	12/13/13 - 12/12/14	\$125,290	\$10,000
Year 9	12/13/14 - 12/12/15	\$125,290	\$10,000
Year 10	12/13/15 - 12/12/16	\$125,290	\$10,000
Year 11	12/13/16 - 12/12/17	\$157,200	\$10,000
Year 12	12/13/17 - 12/12/18	\$157,200	\$10,000
Year 13	12/13/18 - 12/12/19	\$157,200	\$10,000
Year 14	12/13/19 - 12/12/20	\$157,200	\$10,000
Year 15	12/13/20 - 12/12/21	\$157,200	\$10,000
Total		\$2,106,545	\$100,000